

Message Text

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12
ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 SP-02 USIA-15 AID-05 EB-07 NSC-05

CIEP-02 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01

DODE-00 PM-04 H-02 L-03 PA-02 PRS-01 /114 W
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R 231435Z JUL 76
FM AMEMBASSY ROME
TO SECSTATE WASHDC 9015
INFO AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
USMISSION EC BRUSSELS
AMCONSUL FLORENCE
AMCONSUL GENOA
AMEMBASSY LONDON
AMCONSUL MILAN
AMEMBASSY MOSCOW
AMCONSUL NAPLES
AMEMBASSY OTTAWA
AMEMBASSY PARIS
USMISSION OECD PARIS
AMEMBASSY STOCKHOLM
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO
TREASURY DEPARTMENT WASHDC
AMCONSUL TRIESTE
AMCONSUL TURIN

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E.O. 11652: N/A
TAGS: EFIN, IT, GW
SUBJECT: USG AND FRG ACCUSED OF MANIPULATING GOLD PRICE TO PUT
PRESSURE ON ITALIANS

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/SUMMARY/. ON JULY 22 AND 23 ITALIAN PRESS PICKED UP ARTICLE

WHICH ALLEGEDLY APPEARED IN NEW YORK'S "JOURNAL OF COMMERCE" WHICH ACCUSED USG AND FRG OF DRIVING DOWN PRICE OF GOLD IN ORDER TO PUT ECONOMIC AND POLITICAL PRESSURE ON ITALIANS DURING CRITICAL PERIOD WHEN NEW ITALIAN GOVERNMENT BEING FORMED. ARTICLE ALLEGES THAT, WITH THIS PLOY, U.S. ALSO HOPES TO FORCE USSR TO SELL OIL. ITALIAN PRESS ON JULY 23 TENDS TO DISCOUNT THESE ALLEGATIONS AS UNFOUNDED AND QUOTES DENIAL BY US TREASURY SPOKESMAN.

/END SUMMARY/.

1. IN LEAD ARTICLE ROME INDEPENDENT LEFTIST DAILY "LA REPUBBLICA" CARRIED FRONT-PAGE ARTICLE JULY 22 HEADLINED "GOLD FALL ALLEGED TO BRING PRESSURE ON ITALY." ARTICLE CLAIMS THAT IN INTERNATIONAL FINANCIAL CIRCLES IT IS BELIEVED THAT USG AND FRG ARE CARRYING OUT CONCERTED ACTION TO KEEP ITALY ON A SHORT REIN POLITICALLY DURING PRESENT PERIOD WHEN NEW GOVERNMENT IS BEING FORMED. ARTICLE CITES AS SOURCE FOR THIS SPECULATION ARTICLE IN NEW YORK'S "JOURNAL OF COMMERCE" WHICH ALLEGEDLY REPORTS THAT MANIPULATION OF GOLD PRICE IS BEING USED AS POLITICAL INSTRUMENT TO FORCE PRICE OF GOLD DOWN AS CONSEQUENCE OF AGREEMENT REACHED AT RECENT PUERTO RICO SUMMIT. SUCH AGREEMENT WAS REPORTEDLY REACHED AT RESTRICTED MEETING AT WHICH ITALY AND ALSO FRANCE WERE EXCLUDED. MAIN PURPOSE OF REDUCING PRICE OF GOLD WOULD BE TO PUT PRESSURE ON ITALY, A LARGE PART OF WHOSE FOREIGN RESERVES ARE HELD IN GOLD, TO ADOPT POLITICAL AND ECONOMIC MEASURES DESIRED BY USG AND FRG. FURTHER MOTIVATION FOR GERMAN PARTICIPATION IN ALLEGED MANEUVERS IS INTEREST IN FORCING ITALIANS TO INCREASE AMOUNT OF GOLD TO BE PLEDGED AS COLLATERAL BY BUNDESBANK WHEN DLS 2 BILLION GOLD LOAN TO BANK OF ITALY COMES UP FOR RENEWAL IN EARLY SEPTEMBER. SECOND FRONT-PAGE ARTICLE IN JULY 22 "LA REPUBBLICA" ALLEGES THAT BY MANEUVERING GOLD PRICE THROUGH IMF SALES, US IS CARRYING OUT LONG-RANGE POLITICAL DESIGN, I.E., TO EVICT GOLD FROM MONETARY SYSTEM AND GIVE WEIGHT TO ITS OWN NATIONAL CURRENCY INSTEAD.

2. "LA REPUBBLICA" ALSO REPORTS THAT "JOURNAL OF COMMERCE" ARTICLE CLAIMED THAT USG WAS FURTHER MOTIVATED BY DESIRE TO DEPRESS PRICE OF GOLD SOLD BY USSR IN FREE MARKET
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SO THAT USSR WOULD BE FORCED TO SELL MORE PETROLEUM IN WORLD MARKETS IN ORDER TO MEET ITS FOREIGN EXCHANGE NEEDS.

3. REACTION TO "LA REPUBBLICA" ARTICLE IN ITALIAN PRESS JULY 23 DISCOUNTS CREDIBILITY OF "JOURNAL OF COMMERCE" ALLEGATIONS. FINANCIAL DAILY "IL FIORINO" PUBLISHES HEADLINE "IT IS A RIDICULOUS EXAGGERATION TO ATTRIBUTE THE FALL OF GOLD TO A PLOT AGAINST ITALY." "IL FIORINO" REPORTS THAT WALL

STREET AND WASHINGTON POLITICAL CIRCLES, EVEN IF THEY WISHED TO PUT PRESSURE ON ITALY, WOULD NOT FOLLOW A ROUTE WHICH COULD HAVE GRAVE IMPACT ON INTERNATIONAL MONETARY STABILITY. IT SAYS THAT "JOURNAL OF COMMERCE" REVELATIONS HAVE BEEN RECEIVED WITH ABSOLUTE SKEPTICISM BOTH IN WALL STREET AND IN WASHINGTON. "IL FIORINO" QUOTES SOURCE IN RESEARCH OFFICE OF LARGE NEW YORK BANK AS SAYING THAT, EVEN IF US WISHED TO PRESSURE ITALIANS, THERE WERE MANY OTHER BETTER OPTIONS AVAILABLE FOR DOING SO.

4. "IL FIORINO" THEN QUOTES STATEMENT FROM UNIDENTIFIED HIGH U.S. TREASURY OFFICIAL AS FOLLOWS: "I AM SURPRISED BY THIS RIDICULOUS EXAGGERATION, ESPECIALLY BECAUSE IT COMES FROM A NEWSPAPER WHICH GENERALLY IS NOT CONSIDERED SCANDALISTIC. HOWEVER, THIS IS SIMILAR TO ANOTHER RATHER RECENT CASE ATTRIBUTABLE TO ITALIAN JOURNALISTS. I REFER TO REPORTS WRITTEN WHEN OUR COMPTROLLER OF THE CURRENCY, SIMPLY CARRYING OUT HIS NORMAL RESPONSIBILITIES, REVEALED THAT THE AMERICAN BANKING SYSTEM WAS EXCESSIVELY EXPOSED FINANCIALLY IN CERTAIN COUNTRIES WHICH WERE EXPERIENCING LARGE BALANCE OF PAYMENTS DEFICITS, INCLUDING ITALY. THIS INVITATION TO GREATER CAUTION WAS PORTRAYED AS AN OPERATION FOR DESTABILIZING THE ITALIAN ECONOMY AND THAT OF OTHER EUROPEAN COUNTRIES, I.E., TO DO ENTIRELY THE CONTRARY OF THAT WHICH, APART FROM ANY OTHER CONSIDERATION, WOULD BE IN OUR NATIONAL POLITICAL INTEREST." SAME TREASURY OFFICIAL REPORTEDLY WAS ASKED TO COMMENT ON CREDIBILITY OF GIANNI AGNELLI'S RECENT STATEMENT THAT ITALIAN POLITICAL AND JOURNALISTIC CIRCLES SIMMER WITH INDIGNATION FOR IMAGINATORY ATTACKS AGAINST ITALY. U.S. TREASURY OFFICIAL REPORTEDLY REPLIED, "AT THE MOMENT THIS SEEMS TO BE TRUE. IN RECENT TIMES ITALY AND ITS PROBLEMS ARE DISCUSSED HERE AND IN OTHER CAPITALS MUCH MORE THAN PREVIOUSLY. THIS IS RIGHT AND UNDERSTANDABLE. UNCLASSIFIED

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BUT TO THINK, AS SOME OF YOUR CO-NATIONALS DO, THAT THE PRINCIPAL COUNTRIES OF THE WORLD HAVE NOTHING BETTER TO DO THAN TO PLOT AGAINST ITALY REVEALS A PERSECUTION COMPLEX THAT, GIVEN ITS SERIOUSNESS, BORDERS ON A FORM OF MEGLOMANIA. HOWEVER, THIS PHENOMENON IS SURELY A TEMPORARY ONE AND THE GREAT MAJORITY OF ITALIANS WHO HAVE A HEAD ON THEIR SHOULDERS SHOULD NOT WORRY ABOUT THIS TOO MUCH."VOLPE

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